



State of California  
*Employment Training Panel*

*Arnold Schwarzenegger, Governor*

March 10, 2009

Lynn Levoy, Director, Human Resources  
Arlon, Inc.  
2811 South Harbor Blvd.  
Santa Ana, CA 92701

Dear Ms. Levoy:

RE: **Final Monitoring Report** for Arlon, Inc. (Arlon) – ET08-0143

<b>Date of the Visit:</b>	01/20/09
<b>Beginning/Ending Time:</b>	10:00 a.m. – 11:00 a.m.
<b>Date of Last Visit:</b>	07/29/08
<b>Visit Location:</b>	Via Teleconference
<b>Persons in attendance:</b>	Lynn Levoy, Director, Human Resources, Arlon; Donna Bartlett, CEO/President, Spectra Consulting LLC, and Carole Robinson, ETP Contract Analyst.
<b>Action Required:</b>	No

**CONTRACT INFORMATION:**

<b>Term of Agreement:</b>	08/07/07-08/06/09	<b>Agreement Amount:</b>	\$331,200
<b>Training Start Date:</b>	08/07/07	<b>No. to Retain:</b>	200
<b>Date Training must be Completed:</b>	05/05/09	<b>Range of Hours:</b>	24 - 200
<b>Type of Trainee:</b>	Retrainee	<b>Weighted Ave. Hours:</b>	92

**FINAL REPORT SUMMARY:**

- HISTORY OF AGREEMENT CHANGES**

SACRAMENTO CENTRAL OFFICE  
1100 J Street, 4<sup>th</sup> Floor  
SACRAMENTO, CA 95814  
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE  
4640 Lankershim Blvd., Suite 311  
NORTH HOLLYWOOD, CA 91602  
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE  
1065 East Hillsdale Blvd, Suite 415  
FOSTER CITY, CA 94404  
(650) 655-6930

SAN DIEGO REGIONAL OFFICE  
5353 Mission Center Road, Suite 110  
SAN DIEGO, CA 92108  
(619) 686-1920

The Agreement was executed on 09/14/07 and training began on 08/07/07. You reported that all training was completed on 09/26/08, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement (08/06/09). Because Arlon completed this training plan earlier than anticipated, a fourth application for ETP funding was requested to allow the company to build upon the previously delivered training in its first three training plans. The company proposed to expand lean concepts to improve Arlon's administrative processes. Arlon's fourth Agreement was approved at the February 27, 2009, Panel meeting.

- **INTERVIEW WITH COMPANY REPRESENTATIVE**

As you also reported for the last two Agreements, Arlon experienced no difficulties with the administration of the Agreement. You stated that the ETP funded training allowed the company to re-structure its production department with very positive results. Arlon was able to increase its on-time delivery to 98 percent and reduce excess inventory as a result of the Kaizen training delivered in this Agreement.

You stated that training delivered through this and previous Agreements helped the company break down and dissolve communication barriers between production and management staff. You reported that production employees feel more empowered and have greater pride in their work. They are more confident in providing management with constructive feedback regarding production issues and potential process improvements to streamline manufacturing activities. As a result, Arlon has implemented cost saving strategies that allowed the company to realize its first million dollar shipping month in 2008.

According to ETP records at the time of this final meeting, Arlon retained 98 employees (49% of planned retention). Based on ETP Fiscal records, Arlon earned a total reimbursement of \$331,200 (100 percent of the encumbered amount). Ms. Bartlett stated that the company submitted its Closeout invoice in 12/08.

**PROJECT STATUS PROVIDED BY THE CONTRACTOR:**

<b>Trainees Enrolled:</b>	216	<b>Completed Training:</b>	98
<b>Dropped Following Enrollment:</b>	118	<b>Completed Retention:</b>	98
<b>No. Completed Minimum Reimbursable Hours :</b>	98	<b>In Retention Period:</b>	0

**ATTENDANCE ROSTERS/INVOICES:**

Ms. Robinson reviewed all class/lab attendance rosters to date for five randomly selected trainees who are enrolled in Job 1. She compared the rosters to the Agreement's Curriculum and checked to ensure that each roster contained the necessary information required by ETP, under Title 22, California Code of Regulations, 4442. In addition, she compared the number of training hours in Arlon's tracking records for the five retrainees selected with the number of training hours documented on the applicable Class/lab Rosters and on Invoice numbers 6 – 8 for Completion (P2).

Ms. Robinson found that the records reviewed for the five selected retrainees contained the necessary information required by ETP and the Class topics matched those contained in the Agreement's Curriculum. The review of the above sample also verified that the hours reported on Arlon's tracking records matched those contained within the applicable Class/lab Rosters and Invoice number 6 - 8 for Completion (P2).

### **SUBAGREEMENTS:**

Ms. Bartlett reported that all Spectra's subagreement relating to administrative duties for this Agreement was previously provided and all training activities were provided by employees of Arlon. Ms. Bartlett submitted the required information for Spectra's subagreement on the Subcontractor List, ETP 100D via ETP's on-line system.

### **AUDIT:**

Arlon will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

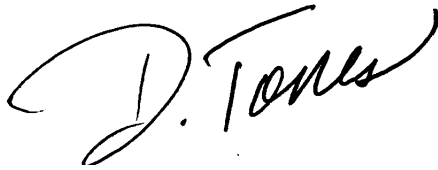
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

### **RECORD RETENTION:**

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information contained in this letter, please contact Carole Robinson at (619) 686-4971, within ten (10) working days from the receipt date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Torres". The signature is fluid and cursive, with the first name "Diana" and last name "Torres" clearly distinguishable.

Diana Torres, Manager  
San Diego Field Office

A handwritten signature in black ink, appearing to read "Carole Robinson". The signature is cursive and elegant, with the first name "Carole" and last name "Robinson" clearly distinguishable.

Carole Robinson, Contract Analyst  
San Diego Field Office

cc: Spectra Consulting LLC  
Kulbir Mayall, Manager, ETP Fiscal Unit  
Master File  
SD Project File

Date report mailed to Contractor 03/16/09